

Message Text

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67

ACTION XMB-04

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 (ISO) W
----- 125996

R 041310Z APR 75

FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC 6134

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

LIMITED OFFICIAL USE SAO PAULO 810

PASS EXIMBANK FOR FRANCIS E. WILSON, ROOM 933

E.O. 11652: N/A

TAGS: EFIN, BR

SUBJECT: EXIMBANK FINANCING FOR SACO-LOWELL EQUIPMENT TO BRASITAL,
SAO PAULO

REF: SAO PAULO 456 & 529; WILSON/VENTURA TELCON DATED 3/24/25/75

1. FOR LACK OF TIME VENTURA WAS UNABLE TO VISIT BRASITAL PLANT AT SALTO, TWO HOURS DRIVE FROM SAO PAULO. HE DID MEET ON APRIL 1 WITH JULIO CASOY, BRASITAL'S SUPERINTENDENT TO DISCUSS BRASITAL'S CURRENT SITUATION. CASOY SUBMITTED ADEQUATE PROOF THAT THE PLANT IS OPERATING THREE EIGHT-HOUR SHIFTS A DAY ON A SIX DAY WEEK TO PRODUCE 800 THOUSAND METERS OF CLOTH, MOSTLY COTTON GOODS AND SOME COTTON POLYESTER BLEND FABRIC. HE CLAIMED THAT BRASITAL'S OUTPUT IS SOLD OUT FOR THE NEXT 90 DAYS AND THAT COMPANY SALESMEN HAVE BEEN RESTRAINED FROM TAKING NEW ORDERS. HE SHOWED LETTERS FROM BRASITAL TO PROSPECTIVE CUSTOMERS OFFERING DELIVERY OF CLOTH ONLY AT NINETY DAYS OR LONGER.

2. BRASITAL OBTAINS POLYESTER FIBERS FROM RHODIA AND POLIMER, BOTH OF WHICH CONFIRM THAT BRASITAL'S STANDING ORDERS WITH LIMITED OFFICIAL USE

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THEM HAVE BEEN FULLY ABSORBED BY BRASITAL IN THE PAST SIX MONTHS.

BOTH RHODIA AND POLIMER EXTEND A FAIR AMOUNT OF CREDIT TO BRASITAL WHICH THEY CONSIDER TO BE A CLIENT WHICH MEETS ITS OBLIGATIONS PUNCTUALLY.

3. CONVERSATIONS WITH CITY BANK OFFICERS HERE HAVE NOT RPT HAVE NOT GENERATED ADDITIONAL INFORMATION ON RUMORS OF "UNSAVORY" REPUTATION OF DOV ORNY AND ASSOCIATE SZYMON FELDON. TEXTILE INDUSTRY REPRESENTATIVES CONFIDENTIALLY STATE THAT ALTHOUGH BOTH MEN HAVE EXTENSIVE BACKGROUND IN THE TEXTILE INDUSTRY IN WHICH THEY HAVE BEEN INVOLVED OVER TWENTY YEARS THEIR BUSINESS DEALINGS HAVE OFTEN BEEN TOO SHARP FOR COMFORT. TRADE CONTACTS APPROACHED WERE RELUCTANT, HOWEVER, TO CONFIRM OR DENY THAT EITHER MEN HAD BEEN OR IS ENGAGED NOW IN ANY TYPE OF SHADY VENTURE. ONE WELL INFORMED TRADE SOURCE SAYS THAT BRASITAL AND ITS OWNERS ARE EXCELLENT BUSINESS RISKS PROVIDED IRONCLAD GUARANTEES ARE OBTAINED.

4. CONGEN SAO PAULO AND VENTURA PERSONALLY HAVE NOT PURSUED DETAILED FINANCIAL INFORMATION WHICH APPARENTLY AVAILABLE TO EXIMBANK AND CANNOT OPINE WHETHER OR NOT EXIM FINANCING OF SACO-LOWELL EQUIPMENT DESTINED TO BRASITAL SHOULD BE EXTENDED. THE SCANTY INFORMATION DEVELOPED IN THE LAST MONTH, IF TAKEN MERELY AT FACE VALUE, IS THAT THE COMPANY'S CURRENT CREDIT RATING IS MORE THAN ADEQUATE. WHETHER OR NOT THIS COMPANY HAS THE CAPABILITY TO DEVELOP A FIVE PHASE EXPANSION PROGRAM USING ONLY ITS OWN CURRENT AND FUTURE ASSETS IS AN UNKNOWN QUANTITY. BRAZIL'S TEXTILE INDUSTRY IS UNDERGOING A CYCLICAL DOWNTURN BUT THERE ARE INDICATIONS THAT A GRADUAL RETURN TO NORMALCY MAY DEVELOP SLOWLY STARTING THE END OF 1975. ON LONG TERM, BRASITAL'S ABILITY, THEREFORE, TO SELL DOMESTICALLY OR ABROAD MORE CLOTH AND FIBER APPEARS FAIRLY GOOD.
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